

## Reconciliation of Non-GAAP Performance Measures

Information presented by Wick Moorman at the J.P. Morgan Aviation, Transportation and Defense Conference on March 24, 2011 (posted elsewhere on our website), included non-GAAP financial measures, as defined by SEC Regulation G. Specifically, two non-GAAP performance measures were presented: free cash flow and total shareholder distributions. Free cash flow, which is defined by NS as cash provided by operating activities less capital expenditures, is a measure of cash flow available for distribution to shareholders or for other investing or financing activities. Total shareholder distributions are the sum of dividends plus share repurchases, and the measure is useful in providing a more complete picture of distributions to NS shareholders. Non-GAAP performance measures should be considered in addition to, not as a substitute for, the financial performance reported in accordance with U.S. generally accepted accounting principles.

### Free Cash Flow

(\$ in millions)

| Years Ended Ended December 31,            | 2006     | 2007     | 2008     | 2009     | 2010     | 2006 -<br>2010 |
|---|----------|----------|----------|----------|----------|----------------|
| Net cash provided by operating activities | \$ 2,206 | \$ 2,333 | \$ 2,715 | \$ 1,860 | \$ 2,714 | \$ 11,828      |
| Property additions                        | (1,178)  | (1,341)  | (1,558)  | (1,299)  | (1,470)  | (6,846)        |
| Free Cash Flow                            | \$ 1,028 | \$ 992   | \$ 1,157 | \$ 561   | \$ 1,244 | \$ 4,982       |

### Total Shareholder Distributions

(\$ in millions)

| Years Ended Ended December 31,  | 2006     | 2007     | 2008     | 2009   | 2010     | 2006 -<br>2010 |
|---------------------------------|----------|----------|----------|--------|----------|----------------|
| Dividends                       | \$ 278   | \$ 377   | \$ 456   | \$ 500 | \$ 514   | \$ 2,125       |
| Share repurchases               | 964      | 1,196    | 1,128    | -      | 863      | 4,151          |
| Total Shareholder Distributions | \$ 1,242 | \$ 1,573 | \$ 1,584 | \$ 500 | \$ 1,377 | \$ 6,276       |